

Message Text

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PAGE 01 MEXICO 05188 311330Z
ACTION ARA-14

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FOR ARA LABOR ADVISOR

EO 11652: N/A
TAGS: ELAB, ECON, MX
SUBJECT: JLP WINS ANOTHER BIG WAGE ROUND

REF: MEXICO 3841

1. PRESIDENT JOSE LOPEZ PORTILLO WON A MAJOR BATTLE IN HIS CAMPAIGN TO CONTROL MEXICO'S INFLATIONARY PRESSURES WHEN LEADERS OF THE MEXICAN CONFEDERATION OF ELECTRICAL WORKERS (CME), MANAGEMENT OF THE FEDERAL POWER COMMISSION (CFE) AND LABOR SECRETARY OJEDA PAULLADA SIGNED A COLLECTIVE AGREEMENT ON MARCH 29 WHICH LIMITS WAGE INCREASES OF CFE'S 35 THOUSAND WORKERS TO 12 PERCENT. SINCE MARCH 2 WHEN THE CME ACCEPTED THE TORCH IN A MAJOR EFFORT TO BREAK JLP'S 12-PERCENT WAGE GUIDELINES (REFTEL), ITS EFFORT HAS BEEN WATCHED, HOOTED AND CHEERED AND GIVEN WIDE PUBLICITY. WAGES HAD BECOME THE MAJOR ISSUE OF THE NEGOTIATIONS. WHILE THE UNION HAD OPENED NEGOTIATIONS WITH A 35-PERCENT DEMAND, THE RANGE HAD NARROWED IN THE PAST THREE WEEKS TO AND 18-PERCENT DEMAND AND 12-PERCENT COUNTEROFFER FROM CFE.

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PAGE 02 MEXICO 05188 311330Z

DURING THE WEEK PRIOR TO THE SETTLEMENT CME INCREASED ITS PUBLIC THREATS TO BLACK OUT MEXICO CITY AND THE FIVE SURROUNDING STATES IF ITS DEMANDS WERE NOT MET. CONSIDERING ITS RECORD FOR UNION MILITANCY, MUCH OF THE PUBLIC TOOK THESE THREATS SERIOUSLY. VIRTUALLY ALL OF MEXICAN LABOR, INCLUDING MARXIST AND OTHER OPPOSITION GROUPS, PLEDGED SUPPORT FOR THE CME EFFORT. NEGOTIATIONS REACHED A CRITI-

CAL DEADLOCK LATE ON MARCH 28 WHEREUPON JLP SENT AN INVITATION TO THE UNION LEADERS TO MEET WITH HIM ON THE FOLLOWING MORNING. THE AGREEMENT WAS SIGNED SHORTLY THEREAFTER.

2. AS REPORTED BY THE MARCH 30 PRESS, THE AGREEMENT APPEARS HEAVILY WEIGHTED WITH FRINGE BENEFITS. IN ADDITION TO THE 12-PERCENT ACROSS-THE-BOARD INCREASE IN WAGES, WORKERS GET A TWO-PERCENT (WE ASSUME OF SALARY) INCREASE FOR THEIR HOUSE RENT, A FIVE-PERCENT INCREASE IN VACATION PAY, A 6.70-PESO DAILY INCREASE OF HOME-TO-WORK TRANSPORTATION PAYMENTS AND 15 DAYS ADDITIONAL PAYMENT OF CHRISTMAS BONUSES (NOW AT 15 DAYS). FEMALE EMPLOYEES WILL BE ABLE TO RETIRE WITH PENSION AFTER 25 YEARS' SERVICE REGARDLESS OF AGE, AND THE CFE AGREED TO "STUDY" A PLAN WHICH WILL ALLOW THOSE WITH 25 YEARS' SERVICE AND 15 YEARS' WORKING WITH HIGH TENSION VOLTAGE (ALL MEN) TO DO THE SAME.

3. THERE WERE SEVERAL REPORTS OF MINOR INCIDENTS OF PROTEST BY CME MEMBERS WHEN THE SETTLEMENT WAS ANNOUNCED AT THE UNION HALL, BUT CME LEADERS PREDICT THAT THE MEMBERSHIP WILL APPROVE THE AGREEMENT.

4. COMMENT: WHILE JLP PAID DEARLY TO KEEP HIS 12-PERCENT WAGE GUIDELINE INTACT, HIS VICTORY CANNOT BE MINIMIZED. THIS CONTROVERSY DEVELOPED FROM THE START AS A PILOT EF-LIMITED OFFICIAL USE

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PAGE 03 MEXICO 05188 311330Z

FORT OF LABOR TO BREAK THE RESTRAINT SO EFFECTIVELY MAINTAINED BY BOTH JLP AND LABOR KINGPIN FIDEL VELASQUEZ. SEVERAL SIZABLE UNIONS HAVE RECENTLY SIGNED FOR 12.5 PERCENT. A FEW HAVE REACHED 13 PERCENT. LABOR'S CONCERTED EFFORT HAS EFFECTIVELY BEEN STOPPED FOR THE TIME BEING. JLP PAID A HEALTHY PRICE IN FRINGE BENEFITS FOR THE VICTORY BUT THE COST IS SMALL CONSIDERING THAT HE HAS MAINTAINED THE PSYCHOLOGICAL 12-PERCENT BARRIER. THE VICTORY BOUGHT MORE TIME. UNTIL LABOR CAN RETURN WITH EVIDENCE OF EXTREME LOSSES IN REAL WAGES BACKED BY GENERAL CONCERN DEMONSTRATE THIN ITS RANKS, IT WILL PROBABLY LIVE WITH THE JLP LIMITATIONS. LUCEY

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